GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA

UNSTARRED QUESTION NO:3215
ANSWERED ON:16.03.2016
Issuance of Bonds
Jena Shri Rabindra Kumar

Will the Minister of URBAN DEVELOPMENT be pleased to state:

Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether the Government proposes to make it easier for municipal corporations to raise finance for infrastructure projects through issuance of bonds and other mechanisms;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT
(SHRI BABUL SUPRIYO)

(a)&(b): Yes, Madam. Given that there is a significant resource gap in meeting the requirements of urban infrastructure, State Governments / Urban Local Bodies (ULBs) are being encouraged to access the capital market for mobilisation of resources. The Ministry of Urban Development has two schemes to facilitate municipal borrowing; the Tax Free Municipal Bond Scheme and the Pooled Finance Development Fund Scheme by which municipal corporations may raise finance for infrastructure projects through issuance of bonds. For this purpose, the mission mode program of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) has a reform agenda regarding credit rating and double entry accounting to facilitate market borrowings.

(c) : Does not arise.

****